ANNUAL REPORT 1980-81

LOCAL AUTHORITIES PENSION BOARD

Alberta

ISSN 0381-4807

NINETEENTH ANNUAL STATISTICAL REPORT

of the proceedings of the

LOCAL AUTHORITIES PENSION BOARD

pursuant to

THE LOCAL AUTHORITIES PENSION ACT

for the year ended

March 31, 1981

Alberta

PROVINCIAL TREASURER

403/427-8809

323 Legislature Building
Edmonton, Alberta, Canada
T5K 2B6

To the Honourable FRANK C. LYNCH-STAUNTON

Lieutenant Governor of the Province of Alberta

MAY IT PLEASE YOUR HONOUR:

I have the honour to submit the Annual Statistical Report of the proceedings of the Local Authorities Pension Board, pursuant to *The Local Authorities Pension Act*, for the fiscal year ended March 31, 1981.

Lou Hyndman

MINISTER FOR PENSIONS

Alberta

GOVERNMENT PENSION BOARDS

403/427-7105

Office of
the Chairman

9811 - 109 Street
Sir Frederick W. Haultain Building
Edmonton, Alberta, Canada
T5K 0C8

The Honourable L. D. Hyndman
Provincial Treasurer
Minister for Pensions
Government of the Province of Alberta
Edmonton, Alberta.

Sir:

In accordance with *Section 22* of the *Regulations* made under *The Local Authorities Pension Act*, I have the privilege of submitting to you, the Annual Report of the Local Authorities Pension Board, for the fiscal year ended March 31, 1981.

The assistance of the staff of Payroll and Pensions Division of the Alberta Treasury is gratefully acknowledged.

Respectfully submitted,

J. E. Faries
CHAIRMAN OF THE BOARD

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LOCAL AUTHORITIES PENSION BOARD

BOARD CHAIRMAN

J. E. Faries
Chairman
Government Pension Boards

MEMBERS

A. F. Womack, C.A.
Commissioner of Finance
City of Calgary
Representative
Alberta Urban Municipalities Association

H. J. Elliott
Associate Executive Director
Alberta Hospital Association

K. R. Balkwill
Business Agent, Local 30
Canadian Union of Public Employees

B. A. Orieux, R.N., B.Sc.N.
Representative
Alberta Association of Regd. Nurses

W. Kruschell
International Association of Firefighters

LOCAL AUTHORITIES PENSION ACT

REPORT ON THE ACTIVITIES OF THE BOARD AND THE OPERATION OF THE ACT

The Local Authorities Pension Board met a total of 11 times during the fiscal year April 1, 1980 to March 31, 1981. At its meetings, the Board, in addition to determination of the application of the Local Authorities Pension Act in individual cases, dealt with the issues of applications by employers for participation in the plan, approval of Long Term Disability Income Continuance plans and reciprocal transfer agreements, etc. The Board received pension related concerns of participants through members and employer associations. The Board dealt with 91 individual cases of which 56 related to disability pensions, 32 related to the purchase of prior service and 3 appeals of previous decisions under the Act.

The Chairman's office, on behalf of the Board, conducted 150 seminars for employees and employer representatives participating in the plan. "Postscript" - a quarterly newsletter - is published to keep in touch with the retirees under the pension plan. Many positive responses have been received on the publication.

The trend in retirement age has been stable and the average age of the retirees in the year under the plan continued at approximately 63 years. With the approval of several Long Term Disability Income

Continuance plans under the Act, a significant reduction in disability pensions granted under the Act was evident as the employees chose to receive disability benefits from their Long Term Disability plans and to accrue additional pensionable service while receiving these benefits.

Employment pensions have been a subject of great deal of study by governments and research institutions in the country. The mass media has devoted increasing amounts of attention to the subject. The Chairman's office continues to study these developments and participates in pension conferences e.g. National Pension Conference in Ottawa (March 11 - 13, 1981) so as to enable the Board to take proper account of the new developments.

The costs of pensions continue to be a major factor in the deliberations of the Board in its review of the operation of the Act. Recommendations for changes to the plan are made after careful consideration of the implications of the changes on overall pension policy.

The functions related to the receipt of contributions and disbursement of benefits were assigned to the Payroll and Pensions Division of Alberta Treasury effective April 1, 1980. The following statistics are based on the information made available by them. Because of the transition, some of the statistics reported in the previous years are not available for this year.

PARTICIPATION

During the fiscal year April 1, 1980 to March 31, 1981, twelve applications were accepted from local authorities to bring their employees or certain occupational classes of employees under the Local Authorities Pension Act.

As of March 31, 1981, there were accounts for *443 participating local authorities with a total membership of 55,757.

*Not including 8 local authorities which merged with other local authorities and one which withdrew from the plan.

CONTRIBUTIONS

Employee contributions amounting to $39,807,565 and employer contributions totalling $39,984,190 were received during the year and deposited in the General Revenue Fund of the Province.

WITHDRAWALS

Withdrawals during the year totalled $7,292,072 and included refunds of contributions and interest to terminated employees, transfers to other registered pension or retirement savings plans and refunds of excess contributions.

BENEFITS

Benefits during the year included pension payments in the amount of $34,695,971 and lump sum payments to beneficiaries of the deceased employees in the amount of $453,521, for a total of $35,149,492.

During the period April 1, 1980 to March 31, 1981, there were 642 retirements inclusive of 47 deferred pensions which commenced during the fiscal year. As of March 31, 1981, there were approximately:

*5,900 pensioners (including surviving spouses and other beneficiaries of deceased employees or pensioners) in receipt of pensions; and

2,415 pensions were co-ordinated with the Canada Pension and/or the Old Age Security.

**One hundred and thirty-seven pensioners died during the year. Forty-nine of these pensions expired while the remaining pensions were transferred or were being transferred, at March 1981, to the surviving spouses or other beneficiaries.

*Inclusive of annuities still being paid under Part 2 of the Act, which was repealed April 1, 1973, but not including pension advances being paid at March 1981 to retirees pending choice of pension option.

**Not including deceased nominees under Joint Life options and the beneficiaries of deceased pensioners, receiving balance of the guaranteed term pensions.

PENSION ADJUSTMENT REGULATIONS

To provide a cost of living adjustment to pensions granted under the Act, Section 4 of *The Local Authorities Pension Adjustment Regulations*, being Alberta Regulation 304/69, as amended, was further amended to authorize the following increases to pensions, effective January 1, 1981:

(a) pensions granted on or before January 1980 were increased by 8.5%;

(b) pensions granted after January 1, 1980 but on or before February 1, 1980, were increased by 7.79%;

(c) pensions granted after February 1, 1980 but on or before March 1, 1980, were increased by 7.08%;

(d) pensions granted after March 1, 1980 but on or before April 1, 1980, were increased by 6.37%;

(e) pensions granted after April 1, 1980 but on or before May 1, 1980, were increased by 5.67%;

(f) pensions granted after May 1, 1980 but on or before June 1, 1980, were increased by 4.96%;

(g) pensions granted after June 1, 1980 but on or before July 1, 1980, were increased by 4.25%;

(h) pensions granted after July 1, 1980 but on or before August 1, 1980, were increased by 3.54%;

(i) pensions granted after August 1, 1980 but on or before September 1, 1980, were increased by 2.83%;

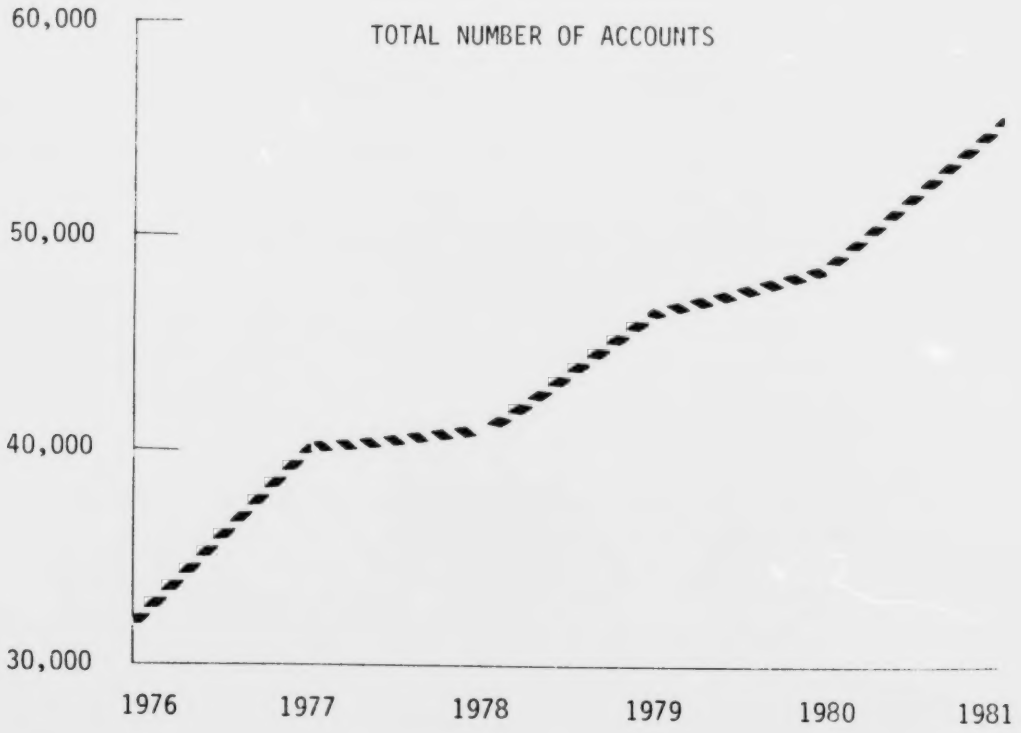
(j) pensions granted after September 1, 1980 but on or before October 1, 1980, were increased by 2.13%;

(k) pensions granted after October 1, 1980 but on or before November 1, 1980, were increased by 1.42%;

(l) pensions granted after November 1, 1980 but on or before December 1, 1980, were increased by 0.71%.

(Alberta Regulation 4/81)

5-YEAR GROWTH



NEW LOCAL AUTHORITIES

The following local authorities were brought under the provisions of *The Local Authorities Pension Act*, during the fiscal year 1980-81:

Canmore Municipal Hospital

Village of Coalhurst

Village of Cremona

Glendon Municipal Hospital

Village of Holden

Lamont Nursing Home

Legal School District

Stettler Preventive Social Services Board

Stettler Recreation Board

Town of Turner Valley

Vulcan District Recreation Board

Village of Wabamun

Total number of participating local authorities: 443*

**Not including 8 local authorities which merged with other local authorities and the one which withdrew from the plan.*

RECIPROCAL TRANSFER AGREEMENTS

For the purpose of transferring pension credits on a reciprocal basis, the Local Authorities Pension Board had reciprocal agreements with the following pension authorities, as at March 31, 1981:

IN ALBERTA

Alberta Government Telephones Pension Board
Board of Administrators, Teachers' Retirement Fund
Public Service Management Pension Board
Public Service Pension Board
Special Forces Pension Board
Universities Academic Pension Board

OUTSIDE ALBERTA

Government of Canada, Treasury Board)
Government of Manitoba)
Minister of Finance, Govt. of New Brunswick) covering Federal and Provincial Government employees
Government of Prince Edward Island)
Board of Governors, Dalhousie University
Board of Governors, University of Manitoba
Board of Governors, University of Regina
Board of Governors, Ontario Colleges of Applied Arts and Technology
Ontario Municipal Employees Retirement Board
Ontario Teachers Superannuation Commission
Health Sciences Centre of Manitoba
Manitoba Municipal Employees Benefits Board
Regina Civic Employees Superannuation and Benefits Plan
Central Mortgage and Housing Corporation
Saint Paul University
Crown Investments Corporation of Saskatchewan
Saskatchewan Health Care Association
Saskatchewan Municipal Employees' Superannuation Commission
Saskatchewan Power Corporation Superannuation Board
Saskatchewan Teachers' Superannuation Board

REFUNDS

Refunds of contributions and interest to terminated employees (*Section 8(1)(a) of the Act*)	$6,216,724
Refunds of excess employee and employer contributions	181,724
Refunds by transfer to other registered pension or retirement savings plans without reciprocal agreements	702,951
	$7,101,399

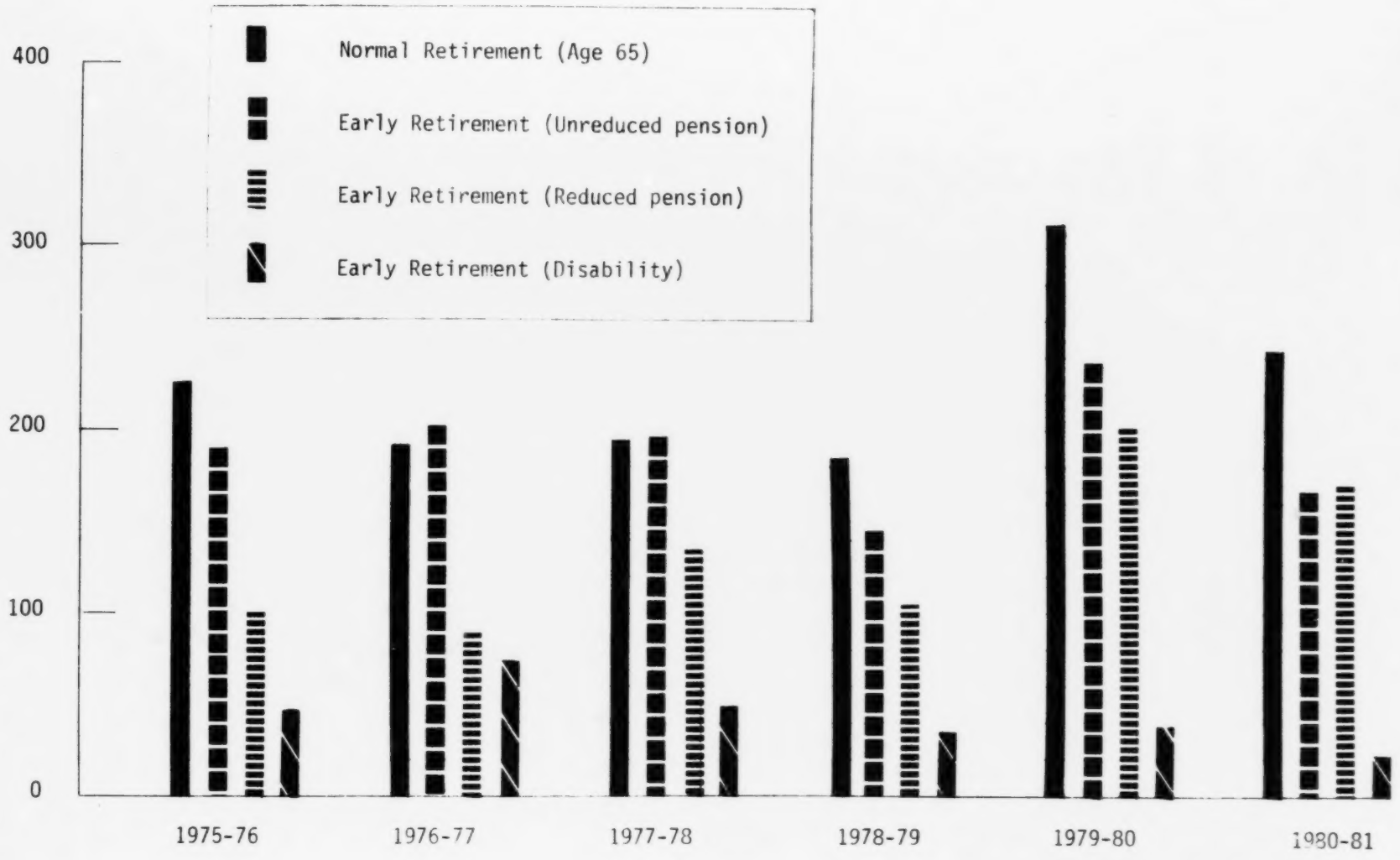
TRANSFERS BY BOOK ENTRY

The following transfers of pension contributions and interest were made during the year between the Local Authorities Pension Plan and the other Alberta pension plans, by book entry:

PENSION PLAN	TRANSFER FROM L.A.P.B.	TRANSFER TO L.A.P.B.
Public Service Pension Plan	$ 579,356.78	$545,484.58
P.S. Management Pension Plan	155,068.65	371,061.04
Special Forces Pension Plan	3,693,136.94	16,651.24
Universities Academic Pension Plan	66,804.23	17,319.83
TOTALS	$4,494,366.60	$950,516.69

Transfers of contributions and interest amounting to $190,673 were made during the year to other pension authorities, under the terms of reciprocal agreements. Similar transfers received from other pension authorities are reflected in the total employee and employer contributions received during the year and are not shown separately.

RETIREMENTS - 5-YEAR COMPARISON



RETIREMENTS

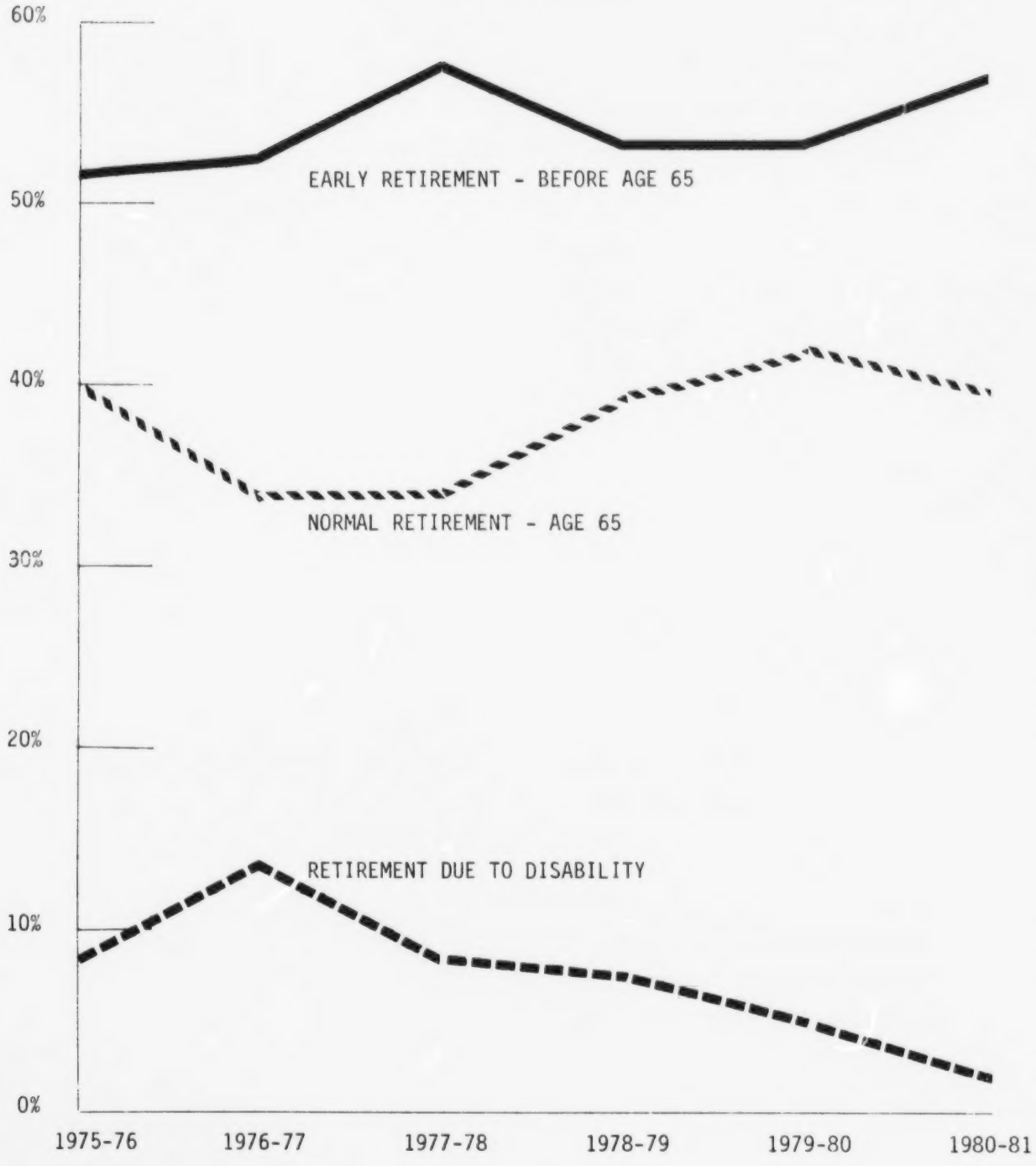
Number of employees who retired and were granted pensions in the fiscal year 1980-81:

Normal retirement at age 65 (*Section 11(1) of the Regulations*)	234
Early retirement after age 55 (unreduced pension) (*Section 11(2) of the Regulations*) (Co-ordinated with C.P./O.A.S. - 77)	168
Early retirement after age 55 (reduced pension) (*Section 11(3)(b) of the Regulations*) (Co-ordinated with C.P./O.A.S. - 82)	170
Retirement due to disability (*Section 11(3)(b) of the Regulations*) (Co-ordinated with O.A.S. only - 9)	23
Total Disability (unreduced pension) - 14	
Partial Disability (reduced pension) - 9	
TOTAL RETIREMENTS DURING THE YEAR	595
Deferred pensions commenced during the year (Co-ordinated with C.P./O.A.S. - 14)	47

PERCENTAGE OF TOTAL RETIREMENTS

NORMAL, EARLY, DISABILITY

(5-YEAR COMPARISON)



PENSIONS

Lowest monthly pension paid at March 1981	$ 20.32
Highest monthly pension paid at March 1981	$3,824.38
Average monthly pension paid at March 1981	*$ 511.31

*Based on total gross pension payments for March 1981 and the total number of pensioners, including retirees in receipt of pension advances, pending choice of pension option.

SURVIVOR BENEFITS

Pensions and lump sum payments granted to beneficiaries of the employees who died during the year while still in service:

Pensions granted to surviving spouses	49
(Co-ordinated with Old Age Security - 26)	
Lump sums paid to the beneficiaries	$453,521

COMPARATIVE STATISTICS

April 1, 1962 to March 31, 1981

FISCAL YEAR	RECEIPTS			PAYMENTS			Excess of Receipts over Payments
	Employee Contributions	Employer Contributions	Total Receipts	Benefits	Withdrawals	Total Payments	
1962/63	$ 174,507.11	$ 178,663.26	$ 353,170.37	$ --	$ 961.10	$ 961.10	$ 352,209.27
1963/64	1,560,584.72	832,983.49	2,393,568.21	23,498.01	103,352.80	126,850.81	2,266,717.40
1964/65	1,122,688.13	1,019,525.40	2,142,213.53	62,912.24	296,708.99	359,621.23	1,782,592.30
1965/66	1,464,908.76	1,457,700.38	3,145,811.03	169,735.92	340,915.04	510,650.96	2,635,160.07
1966/67	1,356,987.19	1,256,427.16	2,613,414.35	237,545.94	423,096.34	660,642.28	1,952,772.07
1967/68	3,516,225.44	3,723,824.18	14,497,186.09	527,389.98	442,065.73	969,455.71	13,527,730.38
1968/69	3,774,851.09	3,769,403.96	11,063,656.92	900,802.38	683,855.01	1,584,657.39	9,478,999.53
1969/70	4,505,741.65	4,528,500.75	13,034,242.40	1,278,237.52	926,805.60	2,205,043.12	10,829,199.28
1970/71	4,657,836.11	5,041,514.85	10,742,712.60	1,810,669.80	794,285.51	2,604,955.31	8,137,757.29
1971/72	6,484,431.93	6,359,577.03	12,844,008.96	2,397,782.28	905,907.13	3,303,689.41	9,540,319.55
1972/73	9,034,268.62	8,797,785.90	17,832,054.52	3,377,457.89	1,240,862.43	4,618,320.32	13,213,734.20
1973/74	8,745,388.22	9,864,365.32	18,609,753.54	4,522,760.40	1,554,587.44	6,077,347.84	12,532,405.70
1974/75	67,695,978.83	13,705,967.17	81,401,946.00	7,558,688.99	2,895,451.51	10,454,140.50	70,947,805.50
1975/76	27,141,374.26	20,472,082.22	47,613,456.48	10,973,525.06	3,155,538.20	14,129,063.26	33,484,393.22
1976/77	20,845,254.71	23,199,072.54	44,044,327.25	14,588,806.54	4,123,235.27	18,712,041.81	25,332,285.44
1977/78	23,898,620.21	26,973,821.10	50,872,441.31	18,628,278.13	4,382,344.26	23,010,622.39	27,861,818.92
1978/79	30,682,950.75	34,647,684.77	65,330,635.52	23,274,919.61	6,158,115.57	29,433,035.18	35,897,600.34
1979/80	32,883,200.44	37,174,935.85	70,058,136.29	28,452,544.08	6,940,712.72	35,393,256.80	34,664,879.49
1980/81	39,807,565.00	39,984,190.00	79,791,755.00	35,149,492.00	7,292,072.00	42,441,564.00	37,350,191.00
TOTALS	$289,353,363.17	$242,988,025.33	$548,384,490.37	$153,935,046.77	$42,660,872.65	$196,595,919.42	$351,788,570.95

Note: Benefits include pensions and payments to retired employees and to beneficiaries of the deceased employees. Withdrawals include refunds of contributions and interest to terminated employees, transfers to other registered pension or retirement savings plans and refunds of excess contributions. Employee contributions and 'Excess of Receipts over Payments' do not include any interest.

LOCAL AUTHORITIES PENSION ACT

SUMMARY OF REVENUE AND EXPENDITURE TRANSACTIONS

for the year ended 31-MAR-81

REVENUE	
Contributions:	
Employees	$39,807,565
Employers	39,984,190
	$79,791,755
EXPENDITURE	
Benefits under the Act:	
Pensions and annuities	$34,695,971
Lump sum pension benefits	467
Payment to beneficiaries	453,054
	$35,149,492
Withdrawals:	
Contributions and interest in respect of employees leaving the service	6,216,724
Contributions and interest in respect of employees transferred to other pension authorities without reciprocal agreements	702,951
Contributions and interest in respect of employees transferred to other pension authorities with reciprocal agreements	190,673
Refund of excess contributions	181,724
	7,292,072
	$42,441,564
Excess of revenue over expenditure for the year	$37,350,191

LOCAL AUTHORITIES PENSION ACT

NOTE TO THE REVENUE AND EXPENDITURE TRANSACTIONS

31-MAR-81

Transfers

The following contributions and interest were transferred by book entry and are not reflected in the summary of transactions:

Transfers to:

Public Service Pension Act	$ 579,356.78
Public Service Management Pension Act	155,068.65
Universities Academic Pension Act	66,804.23
Special Forces Pension Act	3,693,136.94
	$4,494,366.60

Transfers from:

Public Service Pension Act	$ 545,484.58
Public Service Management Pension Act	371,061.04
Universities Academic Pension Act	16,651.24
Special Forces Pension Act	17,319.83
	$ 950,516.69